PIONEER MARINE INC.
AND ITS SUBSIDIARIES

Consolidated Financial Statements
Year ended December 31, 2018

Index to audited consolidated financial statements

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Building a better working world

To the Shareholders and the Board of Directors of Pioneer Marine Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Pioneer Marine Inc. and its subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young

We have served as the Company's auditor since 2016.

Athens, Greece

February 22, 2019

Pioneer Marine Inc. and its Subsidiaries
Consolidated Balance Sheets
(In thousands of U.S. Dollars except per share data)

	Notes	December 31, 2018	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents	3	15,218	61,354
Restricted cash	3	254	2,093
Trade accounts receivable and accrued revenue		5,699	2,381
Inventories	4	1,302	1,825
Prepayments and other receivables		1,229	1,243
Total current assets		**23,702**	**68,896**
Non-Current assets			
Vessels, net	5	201,774	171,387
Other fixed assets	5	141	62
Restricted cash	3	11,323	10,375
Total non-current assets		**213,238**	**181,824**
Total assets		**236,940**	**250,720**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		4,340	4,249
Deferred revenue		682	656
Current portion of long-term debt, net of deferred finance costs	8	15,919	11,044
Total current liabilities		**20,941**	**15,949**
Non-current liabilities			
Long term debt, net of deferred finance costs	8	89,755	81,491
Total non-current liabilities		**89,755**	**81,491**
Total liabilities		**110,696**	**97,440**

The accompanying notes are an integral part of these consolidated financial statements.

Pioneer Marine Inc. and its Subsidiaries
Consolidated Balance Sheets
(In thousands of U.S. Dollars except per share data)

	Notes	December 31, 2018	December 31, 2017
Commitments and contingencies	6	-	-
Shareholders' equity	7		
Common Stock, $0.001 par value; 500,000,000 shares authorized; 26,290,485 issued and outstanding as at December 31, 2018 and 29,493,703 issued and outstanding as at December 31, 2017		30	30
Additional paid in capital		273,050	297,904
Treasury Stock, $0.001 par value, 4,041,062 shares repurchased as at December 31, 2018 and 837,844 shares repurchased as at December 31, 2017		(9,722)	(606)
Accumulated deficit		(137,114)	(144,048)
Total shareholders' equity		**126,244**	**153,280**
Total liabilities and shareholders' equity		**236,940**	**250,720**

The accompanying notes are an integral part of these consolidated financial statements.

Pioneer Marine Inc. and its Subsidiaries
Consolidated Statements of Operations
(In thousands of U.S. Dollars except per share data)

	Notes	Year ended December 31,2018	Year ended December 31,2017
Revenue, net	9	**67,171**	**51,034**
Voyage expenses	10	(8,149)	(5,263)
Vessel operating expenses	10	(28,827)	(28,267)
Dry-docking expenses		(2,449)	(3,213)
Depreciation	5	(8,936)	(8,157)
General and administration expenses		(4,205)	(4,007)
Loss on vessel disposal		-	(62)
Restructuring costs	12	-	(1,286)
Other expenses and taxes, net		(884)	(793)
Total expenses		**(53,450)**	**(51,048)**
Interest expenses and finance cost, net	11	(6,108)	(5,587)
Loss on debt extinguishment	8	(1,289)	-
Interest income		625	596
Net income/ (loss)		**6,949**	**(5,005)**
Net income/(loss) per share, basic and diluted- $	14	0.25	(0.17)

The accompanying notes are an integral part of these consolidated financial statements.

Pioneer Marine Inc. and its Subsidiaries
Consolidated Cash Flow Statements
(In thousands of U.S. Dollars except per share data)

	Year ended December 31, 2018	Year ended December 31, 2017
Cash flows from operating activities		
Net Income / (loss)	6,949	(5,005)
Adjustments to reconcile net income /(loss) to net cash provided by operating activities:		
Depreciation expense	8,936	8,157
Amortization of deferred finance fees	552	807
Loss on vessel disposition	-	62
Loss on debt extinguishment	1,289	-
Write off of receivable from shipbuilding yard	-	88
(Increase)/decrease in operating assets:		
Trade accounts receivable and accrued revenue	(3,333)	(563)
Inventories	523	(687)
Prepayments and other receivables	(18)	679
(Decrease)/increase in operating liabilities:		
Accounts payable and accrued liabilities	(81)	(516)
Deferred revenue	26	(432)
Net cash provided by operating activities	**14,843**	**2,590**
Cash flows from investing activities		
Payments for vessel acquisitions and improvements	(39,240)	(391)
Cash proceeds from vessel sale	-	6,982
Purchase of other fixed assets	(130)	(15)
Net cash (used in)/ provided by investing activities	**(39,370)**	**6,576**

The accompanying notes are an integral part of these consolidated financial statements.

Pioneer Marine Inc. and its Subsidiaries
Consolidated Cash Flow Statements
(In thousands of U.S. Dollars except per share data)

	Year ended December 31, 2018	Year ended December 31, 2017
Cash flows from financing activities		
Loan Proceeds	93,710	-
Payment of deferred finance fees and other loan fees	(375)	(120)
Payment of debt extinguishment fees	(775)	-
Loan repayments and prepayments	(81,090)	(17,046)
Repurchase of common stock	(9,116)	-
Dividends Paid	(24,854)	
Net cash used in financing activities	**(22,500)**	**(17,166)**
Net decrease in cash and cash equivalents	**(47,027)**	**(8,000)**
Cash and cash equivalents and Restricted cash at the beginning of the year	73,822	81,822
Cash and cash equivalents and Restricted cash at the end of the year	**26,795**	**73,822**
Reconciliation of cash, cash equivalents and restricted cash		
Current assets:		
Cash and cash equivalents	15,218	61,354
Restricted cash	254	2,093
Non- current assets		
Restricted cash	11,323	10,375
Total cash, cash equivalents and restricted cash	**26,795**	**73,822**
Supplemental disclosure of cash flow information		
Cash interest paid, net of capitalised interest	5,360	5,233

The accompanying notes are an integral part of these consolidated financial statements.

Pioneer Marine Inc. and its Subsidiaries
Consolidated Statements of Shareholders' Equity
(In thousands of U.S. Dollars except per share data)

	Number of shares	Common stock	Additional paid in capital	Treasury Stock	Accumulated deficit	Total
Balance, January 1, 2017	**29,493,703**	**30**	**297,904**	**(606)**	**(139,043)**	**158,285**
Net loss	-	-	-	-	(5,005)	**(5,005)**
Balance December 31, 2017	**29,493,703**	**30**	**297,904**	**(606)**	**(144,048)**	**153,280**
Effect of initial adoption as per ASU 2014-09	-	-	-	-	(15)	**(15)**
Repurchase of common stock, net (Note 7)	(3,203,218)	-	-	(9,116)	-	**(9,116)**
Dividends Paid (Note 7)	-	-	(24,854)	-	-	**(24,854)**
Net Income	-	-	-	-	6,949	**6,949**
Balance, December 31, 2018	**26,290,485**	**30**	**273,050**	**(9,722)**	**(137,114)**	**126,244**

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of Presentation and General Information:

Pioneer Marine Inc. together with its subsidiaries is an international provider of marine transportation of dry bulk commodities on geared Handysize, Handymax and Supramax carriers. Pioneer Marine Inc. was incorporated in the Republic of the Marshall Islands on February 14, 2014.

As of December 31, 2018 Pioneer, Marine Inc. owns 100% of the interests of the following subsidiaries:

Company name	Date of incorporation
Pioneer Marine LLC (1)	September 12, 2013
Pioneer Marine Trading LLC (1)	September 23, 2013
Pioneer Marine Acquisitions LLC (1)	September 24, 2013
Pioneer Marine Advisers Pte Ltd. (2)	September 24, 2013
PNR Marine Trading VII LLC (1)	November 5, 2013
Bay Trading LLC (1)	November 12, 2013
Pioneer Marine Advisers India Pvt Ltd (3)	June 11, 2014
Way Point Marine Inc. (1)	July 24, 2014
Pioneer Marine Hellas SA (1)	July 25, 2014
Pioneer Chartering SA (1)	December 16, 2014

Vessel owning companies

Name	Date of incorporation	Vessel acquisition date	Vessel name	DWT (4)	Year built
PNR Guoyu I, LLC (1)	September 18, 2013	August 28, 2015	Falcon Bay	38,464	2015
PNR Guoyu II, LLC (1)	September 18, 2013	January 7, 2016	Kite Bay	38,419	2016
PNR Marine Trading I LLC (1)	September 23, 2013	November 1, 2013	Reunion Bay	32,354	2006
PNR Marine Trading II LLC (1)	September 23, 2013	November 11, 2013	Paradise Bay	46,232	2003
PNR Marine Trading III LLC (1)	September 23, 2013	December 2, 2013	Eden Bay	28,342	2008
PNR Marine Trading IV LLC (1)	September 23, 2013	March 4, 2014	Fortune Bay	28,671	2006
PNR Marine Trading V LLC (1)	November 5, 2013	December 2, 2013	Mykonos Bay	32,411	2009
PNR Marine Trading VI LLC (1)	November 5, 2013	January 27, 2014	Emerald Bay	32,258	2008
PNR Marine Trading VIII LLC (1)	December 11, 2013	January 17, 2014	Teal Bay	32,327	2007
PNR Marine Trading IX LLC (1)	December 11, 2013	March 4, 2014	Calm Bay	37,534	2006
PNR Marine Trading X LLC (1)	December 11, 2013	February 14, 2014	Ha Long Bay	32,311	2007
PNR Marine Trading XI LLC (1)	February 6, 2014	April 22, 2014	Jupiter Bay	29,997	2012
PNR Marine Trading XII LLC (1)	February 6, 2014	March 31, 2014	Venus Bay	30,003	2012
PNR Marine Trading XIII LLC (1)	February 6, 2014	March 25, 2014	Orion Bay	30,009	2012
PNR Tenacity LLC (1)	April 1, 2014	October 18, 2016	Tenacity Bay	56,842	2008
PNR Resolute LLC (1)	September 14, 2016	October 11, 2016	Resolute Bay	36,767	2012
PNR Monterey LLC (1)	April 3,2018	June 5, 2018	Monterey Bay	36,887	2013
PNR Alsea LLC (1)	April 3,2018	June 18, 2018	Alsea Bay	36,892	2011
PNR Liberty LLC (1)	April 3,2018	July 2,2018	Liberty Bay	36,892	2012

(1) Incorporated under the laws of the Republic of the Marshall Islands.
(2) Incorporated under the laws of Singapore.
(3) Incorporated under the laws of India.
(4) DWT: Dead Weight Ton, a standard measure for dry bulk carriers indicating how much weight a ship can carry.

1. Basis of Presentation and General Information – *continued*:

Other Companies

Name	Date of incorporation	Date of cancellation
PNR Guoyu III, LLC (1)	September 18, 2013	January 17, 2018
PNR Guoyu IV, LLC (1)	September 18, 2013	January 17, 2018
PNR Sanfu I LLC (1)	September 24, 2013	January 17, 2018
PNR Sanfu II LLC (1)	September 24, 2013	January 17, 2018
PNR Guoyu V LLC (1)	January 20, 2014	January 17, 2018
PNR Guoyu VI LLC (1)	January 20, 2014	January 17, 2018
PNR Guoyu VII LLC (1)	January 20, 2014	January 17, 2018
PNR Guoyu VIII LLC (1)	January 20, 2014	January 17, 2018
PNR Courage LLC (1)	April 1, 2014	January 17, 2018
PNR Endurance LLC (1)	April 1, 2014	January 17, 2018
PNR Perseverance LLC (1)	April 1, 2014	January 17, 2018

(1) Incorporated under the laws of the Republic of the Marshall Islands.
(2) Incorporated under the laws of Singapore.
(3) Incorporated under the laws of India.

The Company outsources the technical management and crew management of its vessels to third-party ship managers. Up to August 2018 the Company outsourced the Commercial management function for a part of its fleet, upon termination of this agreement, commercial vessel management for the whole fleet is performed by in-house personnel. The Company also offers commercial management services to third party companies.

2. Significant Accounting Policies:

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The significant accounting policies are set out below.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the entities listed in Note 1 (the “subsidiaries”). Income and expenses of subsidiaries are included in the consolidated statements of operation from the effective date of acquisition and up to the effective date of disposal, as appropriate. All significant intercompany balances and transactions are eliminated upon consolidation.

Accounting estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Significant estimates include the residual value and the useful life of vessels.

Going concern

The Company evaluates whether there is substantial doubt about its ability to continue as a going concern by applying the provisions of ASU No. 2014-15. In more detail, the Company evaluates whether there are conditions or events that raise substantial doubt about the Company’s ability to continue as a going concern within one year from the date the financial statements are issued. As part of such evaluation, the Company did not identify any conditions that raise substantial doubt about the entity’s ability to continue as a going concern within one year from the date the financial statements are issued. As a result, there was no impact in the Company’s results of operations, financial position, cash flows or disclosure.

2. Significant Accounting Policies - *continued*:

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits with an original maturity of three months or less and which are not restricted for use or withdrawal.

Restricted cash

Restricted cash reflects deposits in retention or restricted accounts with certain banks that can only be used to pay the current loan instalments and interest or are required to be maintained as certain minimum-security deposits and other reserve requirements per mortgaged vessel. Cash required to be maintained as unrestricted liquidity is not considered restricted cash if the relevant account has no restrictions for use or withdrawal.

Statement of Cash Flows

In November 2016, the FASB issued ASU No. 2016-18—Statement of Cash Flows (Topic 230) - Restricted Cash, which addresses the requirement that a statement of cash flows explain the change during the period in the total of cash and cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017 including interim periods within that reporting period. On January 1, 2018, the Company adopted the aforementioned ASU. The only effect the adoption of ASU No. 2016-18 had is the presentation of the restricted cash on the statement of cash flows. More precisely, the line item “Decrease/(increase) in restricted cash” was removed from the investing activities section of the statement of cash flows and the beginning period and ending period cash balances now include restricted cash. The comparative period of the statement of cash flow has been retrospectively adjusted to reflect the adoption of ASU No. 2016-18.

Treasury stock

Treasury stock is stock that is repurchased by the issuing entity, reducing the number of outstanding shares in the open market. When shares are repurchased, they may either be cancelled or held for reissue. If not cancelled, such shares are referred to as treasury stock. Treasury stock is essentially the same as unissued capital and reduces ordinary share capital. The cost of the acquired shares should generally be shown as a deduction from stockholders’ equity. Gains and losses on sales of treasury stock should be accounted for as adjustments to stockholders’ equity and not as part of income. Depending on whether the shares are acquired for reissuance or retirement, treasury stock is accounted for under the cost method or the constructive retirement method. The cost method is also used, when reporting entity management has not made decisions as to whether the reacquired shares will be retired, held indefinitely or reissued. The Company elected for the repurchase of its common shares to be accounted for under the cost method. Under this method, the treasury stock account is charged for the aggregate cost of shares reacquired.

Trade accounts receivable

Trade accounts receivable reflect receivables from charterers for hire, freight and demurrage billings, net of a provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. There has been no provision for doubtful accounts for the years presented.

2. Significant Accounting Policies - *continued*:

Foreign currencies

The consolidated financial statements of the Company are presented in U.S. dollars which is the functional currency of Pioneer Marine Inc. and its subsidiaries because the Company's vessels operate in international shipping markets and therefore primarily transact business in U.S. dollars.

Transactions in currencies other than the U.S. dollar are recorded at the rate of exchange prevailing on the dates of the transactions. Any change in exchange rate between the date of recognition and the date of settlement may result in a gain or loss which is recognized in the consolidated statement of operations as incurred. At the end of each reporting period, monetary assets and liabilities denominated in a currency other than the functional currency are retranslated into U.S. dollars at rates prevailing at that date and all resulting exchange differences are recognized in the consolidated statement of operations

Inventories

Inventories consist of bunker fuel on board when vessels are unemployed or are operating under voyage charters and lubricating oils on board vessels. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in first out method. Stores and spares are charged to vessel operating costs when purchased. The Company has adopted ASU 2015-11- Simplifying the Measurement of Inventory effective January 1, 2017. The adoption of this guidance has had no impact on the Company's results of operations, cash flows and net assets.

Staff Leaving Indemnities - Administrative Personnel

The Company's office administrative employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employees' compensation, length of service and manner of termination (dismissed or retired). Employees who resign, or are dismissed with cause, are not entitled to termination payments. The Company's liability at December 31, 2018 amounted to $77.

Vessels, net

Vessels are stated at cost, less impairment and accumulated depreciation. The cost of vessels purchased consists of the contract price, less discounts, plus any direct expenses incurred upon acquisition, broker commission paid, delivery expenses and other expenditures to prepare the vessel for initial voyage. Subsequent expenditures for conversion and major improvements are also capitalised when they appreciably extend the life, increases the earnings capacity or improve the efficiency or safety of the vessels.

Vessels are depreciated on a straight-line basis over the estimated useful life of the vessels which management estimates to be 25 years from the date of initial delivery from the shipyard. Second-hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. Depreciation is based on cost less the estimated residual value which is the lightweight tonnage ("LWT") of each vessel multiplied by estimated scrap value per ton, which Management estimates to be $250 per LWT.

Advances for vessel acquisitions and vessels under construction

Advances paid for vessel acquisitions and vessels under construction are presented at cost, less identified impairment losses, if any. Advances for vessel acquisition include advances and other directly attributable costs, including commissions, if any. Advances for vessels under construction include shipyard instalment payments and other costs incurred during the construction period that are directly attributable to the acquisition or construction of the vessels, net of any commissions or discounts received from the shipyard and include interest costs incurred during the construction period. Vessels under construction are not depreciated until such time as they are ready for use. On delivery of the vessel, the related cost is transferred to vessels and accounted for in accordance with the accounting policy for vessels.

2. Significant Accounting Policies - *continued*:

Long lived assets held for sale

Long lived assets are classified as held for sale when all applicable criteria enumerated under ASC 360 "Property, Plant, and Equipment" are met and are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale.

When the Company concludes a Memorandum of Agreement for the disposal of a vessel which has yet to complete a time charter, it is considered that the held for sale criteria discussed in guidance are not met until the time charter has been completed as the vessel is not available for immediate sale. As a result, such vessels are not classified as held for sale.

When the Company concludes a Memorandum of Agreement for the disposal of a vessel which has no time charter to complete or a contract that is transferable to a buyer, it is considered that the held for sale criteria discussed in the guidance are met. As a result, such vessels are classified as held for sale.

As at December 31, 2018 and December 31, 2017 there were no vessels classified as held for sale.

Impairment of long-lived assets

The Company reviews its tangible fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

In evaluating useful lives and carrying values of long-lived assets, the Company reviews certain indicators of potential impairment, such as market values, vessel sales and purchases, business plans and overall market conditions. If indicators of impairment are present, the Company performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets.

In developing estimates of future undiscounted cash flows, the Company makes assumptions and estimates about the vessels' future performance, with the significant assumptions being related to charter rates, fleet utilization, operating expenses, capital expenditures, residual value and the estimated remaining useful life of each vessel and taking into account historical revenue data and published forecasts on global economic growth and inflation. The Company determines the fair value of its vessels based on third party valuations and the use of available market data.

To the extent impairment indicators are present, the Company determines undiscounted projected net operating cash flows for each vessel and compares them to their carrying value.

If the carrying value of the related asset exceeds the undiscounted future net cash flows, the carrying value is reduced, by recording a charge to operations, to its fair value.

Other comprehensive income/(loss)

The Company follows the accounting guidance relating to comprehensive income, which requires separate presentation of certain transactions that are recorded directly as components of equity. The Company has no other comprehensive income/(loss) and accordingly, comprehensive loss equals the net loss for the year presented and thus is not presented in the statement of operations or in a separate statement.

Financing costs

Financing fees incurred for obtaining new loans and credit facilities are deferred and amortized to interest expense over the respective term of the loan or credit facility using the effective interest rate method. The unamortized financing costs are presented as a direct deduction of the related debt liability in the accompanying consolidated balance sheet. Finance cost related to undrawn facilities are presented as non-current assets in the accompanying consolidate balance sheet.

2. Significant Accounting Policies - *continued*:

Capitalization of borrowing costs

Interest costs incurred to finance the cost of vessels during their construction period are capitalized to vessels under construction.

Debt Modifications and extinguishments

The Company follows the provisions of ASC 470-50, "Modifications and Extinguishments" to account for all modifications or extinguishments of debt instruments, except debt that is extinguished through a troubled debt restructuring (see Subtopic 470-60) or a conversion of debt to equity securities of the debtor pursuant to conversion privileges provided in terms of the debt at issuance (see Subtopic 470-20). This subtopic also provides guidance on whether an exchange of debt instruments with the same creditor constitutes an extinguishment and whether a modification of a debt instrument should be accounted for in the same manner as an extinguishment. In circumstances where an exchange of debt instruments or a modification of a debt instrument does not result in extinguishment accounting, this Subtopic provides guidance on the appropriate accounting treatment.

Dry-docking and special survey expenses

Dry-docking and special survey expenses are expensed in the period incurred.

Revenue from Contracts with Customers

In May 2016, the FASB issued their final standard on revenue from contracts with customers. The standard, which was issued as ASU 2014-09 (Topic 606) by the FASB, and as amended, outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most legacy revenue recognition guidance. The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in each contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in each contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The standard is effective for public business entities from annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. The new revenue standard may be applied using either of the following transition methods: (1) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (2) a modified retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption (which includes additional footnote disclosures).

Regarding the incremental costs of obtaining a contract with a customer and contract's fulfilling costs, they should be capitalized and been amortized over the voyage duration, if certain criteria are met – for incremental costs if only they are chargeable to the customer and for contract's fulfilling costs if each of the following criteria is met: (i) they relate directly to the contract, (ii) they generate or enhance entity's resources that shall be used in performance obligation satisfaction and (iii) are expected to be recovered. Further, in case of incremental costs, entities may elect, in accordance with the practical expedient of ASC 340 "Other assets and deferred costs", not to capitalize them in cases of amortization period (voyage period) is less than one year.

2. Significant Accounting Policies - *continued*:

Vessel revenue is comprised of voyage revenue and time charter revenue. On January 1, 2018, the Company adopted the aforementioned ASU using the modified retrospective method. Its adoption mainly changed the method of recognizing revenue over time for voyage charters from the discharge-to-discharge method to the loading-to-discharge method. Under the loading-to-discharge method the commencement date of each voyage charter shall be deemed to be upon the loading of the current cargo, decreasing the period of time for recognizing revenue for voyages. Demurrage income estimate is included in revenue upon occurrence of the delays only to the extent that is probable that will not be a significant reversal of revenue in future period, using the “most likely amount method”. Despatch will follow the same recognition approach as Demurrage income and both variable considerations will be allocated consistently with the recognition of freight revenue.

With respect to the recognition of voyage charters related costs, taking into consideration the aforementioned practical expedient, the related costs (i.e. commissions) continue to be expensed as incurred, on the basis that the Company’s voyage charters do not exceed one year. Under ASC 606, for voyage charters, the Company capitalizes the direct costs, which are voyage expenses, of relocating the vessel to the load port to be amortized during transport of the cargo. At December 31, 2018, the costs related to voyages that were not yet completed were nil.

Time charter agreements are accounted for as separate agreements according to the terms and conditions of each agreement. Revenues from time charter agreements are accounted for as operating leases and thus recognized on a straight-line basis as the average revenue over the periods of such agreements, as service is performed. Regarding time charter, the Company does not expect any changes to the timing of revenue recognition for the current contracts with customers. Lessor accounting remains largely unchanged from current U.S. GAAP. We expect that our time charter arrangements will be subject to the requirements of the new lease guidance as we will be regarded as the lessor under these arrangements. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. In July 2018, the FASB issued amended guidance to provide entities with relief from the cost of implementing certain aspects of the new leasing guidance. Entities may elect not to recast comparative periods presented when transitioning to the new leasing guidance and, furthermore, lessors may elect not to separate lease and nonlease components when certain conditions are met. The pronouncement is effective prospectively for public business entities for annual periods beginning after December 15, 2018, and interim periods within that reporting period. Early adoption is permitted for all entities. We intend to adopt the new guidance on its required effective date of January 1, 2019. The Company evaluated the applicability of the lessor guidance to its contracts, the adoption of the lessor provisions under ASC 842 and do not have a material impact on the Company’s financial statements.

The Company adopted ASU 2014-09 on January 1, 2018, using the modified retrospective transition method applied to those spot market voyage charter contracts which were not completed as of January 1, 2018. The cumulative effect of the initial adoption amounted to approximately $15 thousands and posted as an increase to the opening Retain Earnings/Accumulated Deficit for the period ended December 31, 2018. Prior periods were not adjusted retrospectively.

The table below presents charterers that represent more than 10% of the Company’s revenue:

% of Company’s charter revenue	December 31, 2018	December 31, 2017
Charterer A	-	12%
Charterer B	-	10%
Charterer C	-	10%

2. Significant Accounting Policies - *continued*:

Vessel operating expenses

Vessel operating expenses, which include crewing, repairs and maintenance, insurance, spares and consumable stores, lube oils and communication expenses are expensed as incurred.

Additionally, these costs include technical management fees that are payable to our technical ship managers.

Segment reporting

Each of the Company's vessels serve the same type of customer, have similar operations and maintenance requirements, operate in the same regulatory environment, and are subject to similar economic characteristics. Based on this, the Company's Chief Operating Decision Maker, which is the CEO, reviews operating results as one operating segment. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.

Earnings/ (loss) per share

Earnings or loss per share are computed in accordance with guidance related to Earnings per Share. Basic earnings or loss per share are calculated by dividing net income or loss available to common shareholders by the basic weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by the treasury stock method whereby all of the Company's dilutive securities are assumed to be exercised and the proceeds used to repurchase common shares are calculated at the weighted average market price of the Company's common stock during the relevant periods. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted earnings per share computation (Note 14).

Recent accounting pronouncements:

Business combinations – *Definition of a business*: In January 2017, the FASB issued ASU No. 2017-01 – Business Combinations (Topic 805) – Clarifying the Definition of a Business which addresses business combination issues with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017 including interim periods within that reporting period. The Company adopted the aforementioned ASU with no impact on its consolidated financial statements and notes disclosures.

Statement of Cash Flows (Topic 230) - *Classification of Certain Cash Receipts and Cash Payments*: In August 2016, the FASB issued ASU No. 2016-15 - Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments which addresses the following eight specific cash flow issues with the objective of reducing the existing diversity in practice: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of any corporate-owned life insurance policy ("COLI") (including any bank-owned life insurance policy ("BOLI")); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period, however, early adoption is permitted. The Company adopted the aforementioned ASU with no impact on its consolidated financial statements and notes disclosures.

Technical Corrections and improvements to Financial Instruments-Overall (Subtopic 825-10): In February 2018, the FASB issued ASU No. 2018-03, Technical Corrections and improvements to Financial Instruments-Overall (Subtopic 825-10), which relates to technical corrections and improvements related to Update 2016-01 to increase stakeholders' awareness of the amendments and to expedite the improvements.

2. Significant Accounting Policies - *continued*:

The amendments in this Update include items brought to the Board's attention by stakeholders and clarify certain aspects of the guidance issued in Update 2016-01. The amendment clarifies, among others, that an entity measuring an equity security using the measurement alternative in paragraph 321-10-35-2, may change its measurement approach to a fair value method in accordance with Topic 820, Fair Value Measurement, through an irrevocable election that would apply to that security and all identical or similar investments of the same issuer. Once an entity makes this election, the entity should measure all future purchases of identical or similar investments of the same issuer using a fair value method in accordance with Topic 820. In addition, the amendment clarifies that when an observable transaction occurs for a similar security, the adjustments made under the measurement alternative are intended to reflect the fair value of the security as of the date that the observable transaction for a similar security took place. The adoption of this new accounting guidance did not have an effect on the consolidated financial statements, as of December 31, 2018, since no financial instruments were held by the Company.

Financial Instruments - *Overall (Subtopic 825-10):* In January 2016, the FASB issued ASU No. 2016-01 - Financial Instruments - Overall (Subtopic 825-10), which includes the requirement for all equity investments (other than those accounted for under the equity method of accounting, those that result in consolidation of the investee or those without readily determinable fair value for which qualitative assessment does not indicate impairment) to be measured at fair value with changes in the fair value recognized through net income. The Update simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value. This Update is effective for all entities for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. Early adoption is not permitted. The adoption of this new accounting guidance did not have an effect on the consolidated financial statements. as of December 31, 2018, since no financial instruments were held by the Company.

Leases: In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 will apply to both types of leases – capital (or finance) leases and operating leases. According to the new Accounting Standard, (a) lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months and (b) previous accounting standards for lessors will be updated to align certain requirements with the updates to lessee accounting standards and the revenue recognition accounting standards. ASU 2016 – 02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted.

In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842 Leases ("ASU 2018-10"). The amendments in ASU 2018-10 affect narrow aspects of the guidance issued in the amendments in ASU 2016-02. The amendments in this Update affect the amendments in Update 2016-02, which are not yet effective, but for which early adoption upon issuance is permitted. For entities that early adopted Topic 842, the amendments are effective upon issuance of this Update, and the transition requirements are the same as those in Topic 842. For entities that have not adopted Topic 842, the effective date and transition requirements will be the same as the effective date and transition requirements in Topic 842. In addition, in July 2018, the FASB issued ASU 2018-11, Targeted Improvements to Topic 842 Leases ("ASU 2018-11). The improvements in ASU 2018-11 provide for (a) an optional new transition method for adoption that results in initial recognition of a cumulative effect adjustment to retained earnings in the year of adoption and (b) a practical expedient for lessors, under certain circumstances, to combine the lease and non-lease components of revenues for presentation purposes.

2. Significant Accounting Policies - *continued*:

The Company intends to apply the alternative transition method, which is consistent, in application, with the approach the Company has elected under the revenue accounting standards update and intends to elect the practical expedient for lessors with regards to the contracts for its vessels, for presentation purposes. The Company's adoption, and the ultimate effect on the consolidated financial statements, will be based on an evaluation of the contract-specific facts and circumstances. The Company does not expect any changes to the timing of revenue recognition for the current contracts with customers. The Company does not expect the adoption of this guidance pertaining to leases to have a material impact on its consolidated financial statements because the Company does not charter-in vessels (lessee) and has one operating lease for the Company's offices in Athens. The Company evaluated the applicability of the lessor guidance to its contracts, the adoption of the lessor provisions under ASC 842 and do not have a material impact on the Company's financial statements.

Fair Value Measurement: In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (ASC 820) - Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurement that eliminates certain disclosure requirements for fair value measurements for all entities, requires public entities to disclose certain new information and modifies some disclosure requirements. The guidance on fair value disclosures eliminates the following requirements for all entities: (i) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; (ii) the entity's policy for the timing of transfers between levels of the fair value hierarchy; and (iii) the entity's valuation processes for Level 3 fair value measurements. The following disclosure requirements were added to Topic 820 for public companies: (i) the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements of instruments held at the end of the reporting period and (ii) for recurring and nonrecurring Level 3 fair value measurements, the range and weighted average used to develop significant unobservable inputs and how the weighted average was calculated, with certain exceptions. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements. The guidance makes the following modifications for public entities: (i) entities are required to provide information about the measurement uncertainty of Level 3 fair value measurements as of the reporting date rather than a point in the future (the FASB also deleted the word "sensitivity," which it said had caused confusion about whether the disclosure is intended to convey changes in unobservable inputs at a point in the future) and (ii) entities that use the practical expedient to measure the fair value of certain investments at their net asset values are required to disclose (1) the timing of liquidation of an investee's assets and (2) the date when redemption restrictions will lapse, but only if the investee has communicated this information to the entity or announced it publicly. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, although early adoption is permitted.

3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:

USD in thousands	**December 31, 2018**	**December 31, 2017**
Cash on hand and at banks	6,218	26,232
Short term time deposits	9,000	35,122
Total	**15,218**	**61,354**

Short term time deposits relate to time deposit accounts with original maturity of three months or less held in banks for general purposes. As of December 31, 2018, restricted cash relating to minimum cash and other reserve requirements was $11,577 thousand (December 31, 2017: $12,468 thousand).

4. Inventories:

Inventories are analysed as follows:

USD in thousands	December 31, 2018	December 31, 2017
Bunkers	427	995
Lubricants	875	830
Total	**1,302**	**1,825**

5. Vessels, Net and Other fixed Assets:

Vessels are analysed as follows:

USD in thousands	Vessel cost	Accumulated depreciation	Net book value
Balance, January 1, 2017	**193,686**	**(7,748)**	**185,938**
Vessels additions	567	-	567
Depreciation expense	-	(8,088)	(8,088)
Vessel disposal	(7,130)	100	(7,030)
Balance, December 31, 2017	**187,123**	**(15,736)**	**171,387**
Vessels additions	272	-	272
Depreciation expense	-	(8,885)	(8,885)
Vessels acquisition	39,000	-	39,000
Balance, December 31, 2018	**226,395**	**(24,621)**	**201,774**

On June 5, 2018 the Company purchased the M/V Monterey Bay, a 36,887 dwt 2013 year built handy size vessel from an unrelated third party on a charter free basis.

On June 18, 2018 the Company purchased the M/V Alsea Bay a 36,892 dwt 2011 year built handy size vessel from an unrelated third party on a charter free basis.

On July 2, 2018 the Company purchased the M/V Liberty Bay, a 36,892 dwt 2012 year built handy size vessel from an unrelated third party on a charter free basis.

As discussed in Note 2 above, tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The cash flows are determined for a period over the remaining estimated life of the vessels assumed to be 25 years from the delivery of the vessel from the shipyard or up to the expected vessel disposal date when an agreement is in place for such disposal.

Projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed fleet days, if any, and an estimated daily time charter equivalent for the unfixed days, net of brokerage commissions, based on the most recent twenty year historical averages publicly provided by major brokers, which, given the wide spread of annual rates between the peaks and troughs over the period, provides as fair as any other assumption that could be used in determining a rate for a long-term forecast. Expected outflows for operating expenses (including planned dry-docking and special survey expenditures) were based on the 2018 average per type of vessel, assuming an average annual inflation rate of 1.9% and fleet utilization of 98.5%. Cash inflow from the salvage value was estimated to be $250 per light weight ton (LWT) for vessels in accordance with the Company's vessels depreciation policy.

The review of the carrying amounts in connection with the estimated recoverable amount of the Company's vessels as of December 31, 2018, did not indicate an impairment charge.

As of December 31, 2018, all Company's vessels are mortgaged as security for the loan facilities, refer to Note 8.

As of December 31, 2018, other fixed assets represent office assets with a cost of $220 thousand and accumulated depreciation of $79 thousand. Depreciation charged on other fixed assets amounted to $51 thousand for the year ended December 31, 2018.

6. Commitments and Contingencies:

(a) Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Company's vessels. Information available to management as at the date of issuance of 2017 Financial statements indicated that one of the Company's subsidiaries (Pioneer Marine Advisers India Pvt Ltd, "PMAI") did not comply with the provisions of the Indian Companies Act for holding Annual General Meetings and non-filling of Annual Returns and Financial Statements within the timeline required. To this end, the Company made a provision of $32 thousands as of December 31, 2017, being the minimum amount that could ultimately be determined upon court ruling, based on previous precedent. As of December 31, 2018, the Company decided to proceed with the strike off of PMAI from the Indian Registry and following relevant advice received from the Indian pertinent authorities, PMAI would not be liable to any monetary obligation to the Indian Authorities. Thus, the Company reversed the said provision to nil.

(b) The Company is a member of a protection and indemnity association, or P&I Club that is a member of the International Group of P&I Clubs, which covers its third-party liabilities in connection with its shipping activities. A member of a P&I Club that is a member of the International Group is typically subject to possible supplemental amounts or calls, payable to its P&I Club based on its claim records as well as the claim records of all other members of the individual associations, and members of the International Group.

The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements. The Company's protection and indemnity (P&I) insurance coverage for pollution is $1 billion per vessel per incident.

(c) As of December 31,2018, the company's minimum rental payments up to contract's expiration on August 2020 are as follows:

	Twelve-month period ending December 31,2018		
USD in thousands	**2019**	**2020**	**Total**
Rent	43	28	71
Total	**43**	**28**	**71**

7. Shareholders' Equity:

Within 2018, the Company repurchased 3,203,218 of its own shares for a total amount of $9,116 thousand. The repurchased shares were not retired and are presented as Treasury Stock in the accompanying consolidated balance sheet

On September 6, 2018, the Board of Directors of Pioneer Marine Inc. declared a cash dividend of $0.91per outstanding share of company's Common Stock. On September 20, 2018, the dividend amounted to $24,854, was paid to stockholders of record as of September 13, 2018.

8. Long Term Debt:

An analysis of long-term debt is as follows:

USD in thousands	**December 31, 2018**	**December 31, 2017**
DVB Bank Ltd, ABN AMRO Bank N.V (DVB/ABN)	-	43,196
ABN Facility (ABN)	60,099	-
CIT Finance LLC (CIT)	-	25,835
Sinosure Facility (Sinosure)	18,527	20,615
DVB Bank SE (DVB)	-	4,524
DVB Bank SE (DVB)-Refinancing	28,164	-
Total principal outstanding	106,790	94,170
Less: Deferred financing costs	(1,116)	(1,635)
Total	**105,674**	**92,535**

Presented as follows:

Current portion of long-term debt, net of deferred finance cost	15,919	11,044
Long term debt, net of deferred finance cost	89,755	81,491

The annual principal payments required to be made after December 31, 2018, in accordance with the loan agreements and supplemental agreements, including balloon payments, totalling $106,790 thousand are as follows:

USD in thousands	**Amount**
Year	
December 31, 2019	16,234
December 31, 2020	16,234
December 31, 2021	17,089
December 31, 2022	14,173
December 31, 2023 and thereafter	43,060
Total	**106,790**

ABN facility: On June 13, 2018 eleven of our ship-owning subsidiaries entered a secured term loan facility with ABN Amro Bank N.V. for an amount of up to $64,400 thousand. The purpose of the facility was to refinance the existing loan facility with ABN/DVB as well as to partially finance the three second hand vessels acquisitions. The full amount of the loan facility of $64,400 thousand was drawn within June 2018.

As of December 31, 2018, the outstanding facility is repayable in eighteen quarterly instalments of $2,150 thousand each and a balloon payment of $21,395 thousand to be paid on the last repayment date scheduled for June 2023. The loan bears interest at LIBOR plus a margin and is secured over the respective vessels.

8. Long Term Debt - *continued*:

***ABN/DVB facility*:** Following the drawdown of the above discussed ABN Facility, the Company fully repaid the outstanding loan balance of the ABN/DVB facility in the amount of $41,209 thousand on June 21, 2018, along with interest then due and other break costs of $536 thousand.

On June 23, 2018 the total amount $6,914 thousand previously included in the retention accounts of the relevant ABN/DVB facility borrowers was released to the Company.

DVB Refinancing facility: On September 20, 2018, six of Company's ship-owning subsidiaries entered into a secured term loan facility with DVB Bank SA, Amsterdam Branch for an amount of $29,310 thousand divided into two tranches, Tranche A and Tranche B. The loan bears interest at LIBOR plus a margin and is secured over the respective vessels.

The purpose of the facility was to refinance the existing CIT and DVB loan facilities. The full amount of the new loan facility of $29,310 thousand was drawn down on September 25, 2018.

As of December 31, 2018, Tranche A of the facility is repayable for four out of the five vessels participating into this tranche into nineteen quarterly instalments of $871 thousands and a balloon payment of $4,580 thousands payable together with the last instalment scheduled for September 2023. The outstanding amount of the fifth vessel included in Tranche A is repayable into eleven quarterly instalments of $250 thousands with the last instalment scheduled for September 2021. Tranche B is repayable into eleven quarterly instalments of $265 thousands and a final instalment of $265 thousands together with a balloon payment of $1,105 thousands due on October 2021.

CIT facility: Following the drawdown of the above discussed DVB Refinancing facility, the Company fully repaid the outstanding loan balance of the CIT Facility in the amount of $24,676 thousand on September 25, 2018, along with interest then due and other break costs of $386 thousand.

On October 5, 2018 the total amount $5,162 thousand previously included in the retention accounts of the CIT facility borrowers was released to the Company.

DVB facility: Following the drawdown of the above discussed DVB Refinancing facility, the Company fully repaid the outstanding loan balance of the DVB facility (Tenacity Bay) in the amount of $4,310 thousand on September 25, 2018, along with interest then due and other break costs of $41 thousand.

Sinosure facility*:* On May 19, 2015, as amended on July 22, 2015("First Supplemental Agreement"), the ship owning companies of M/V Falcon Bay and M/V Kite Bay together with Pioneer Marine Inc. and Pioneer Marine LLC as guarantors each individually entered into a secured loan facility with ABN AMRO Bank, N.V, Deutsche Bank AG and Norddeutche Landesbank Girozentrale bearing interest at Libor plus a margin and is secured over the respective vessels. The credit facility is repayable in forty consecutive quarterly instalments each in a sum equal to one forty-eight (1/48th) of the amount of the loan, which will be advanced on each vessel's delivery, and a balloon repayment together with the final instalment, commencing three months after the delivery date of each newbuilding.

On August 17, 2017, the Company entered into a supplemental agreement for the Sinosure facility ("Second Supplemental Agreement") whereby Lenders provided their consent for the change of Company's CEO. Additionally, the Second Supplemental Agreement provided for a prepayment in the amount of $1,044 thousand representing the two quarterly repayments beginning on August 28, 2017.

As of December 31, 2018, the outstanding loan amount for MV Falcon Bay is repayable in twenty-seven quarterly instalments in the amount of $272 thousand, with a total balloon payment of $2,175 thousand to be paid on the last repayment date scheduled for August 2025. The outstanding loan amount for MV Kite Bay is repayable in twenty-eight quarterly instalments in the amount of $250 thousand, with a total balloon payment of $2,003 thousand to be paid on the last repayment date scheduled for November 2025.

8. Long Term Debt - *continued*:

As of December 31, 2018, the Company was in compliance with the required financial covenants under its loan agreements, as amended and agreed from time to time.

All credit facilities are secured by a first mortgage over the respective vessels and by other customary maritime securities.

The full repayment of ABN/DVB facility, CIT facility and DVB facility was accounted for in accordance with ASC 405-20-40 as loan extinguishment and a loss in the amount of $1,289 thousand is included in in the Statement of Operations for the year ended December 31, 2018 as *Loss on debt extinguishment.*

Unamortized deferred finance cost amounted to $1,635 thousand as of December 31, 2017. During the year ended December 31, 2018, loan related fees were incurred in connection with Company's credit facilities amounted to $515 thousand. During the same period amortization charge amounted to $552 thousand and write off of deferred financing fees in relation to the refinanced ABN/DVB facility amounted to $326 thousand and in relation to the refinanced CIT & DVB facilities amounted to $156 thousands. Unamortized deferred finance costs amount to $1,116 thousand as at December 31, 2018.

Weighted average interest rate for the year ended December 31, 2018, was 5.29%. (December 31, 2017: 4.58%)

9. Revenue, Net:

Revenue, net comprises of the following:

USD in thousands	**December 31, 2018**	**December 31, 2017**
Time charter revenues	55,309	45,274
Voyage charter revenues	14,202	7,298
Less: Address commissions	(2,349)	(1,538)
Sub Total Revenue	**67,162**	**51,034**
Commercial Revenue Fee	9	-
Total Revenue	**67,171**	**51,034**

10. Voyage and Vessel Operating Expenses:

USD in thousands	**December 31, 2018**	**December 31, 2017**
Voyage Expenses		
Bunkers consumption	4,662	2,624
Agency costs	1,543	1,449
Commissions and other voyage costs	1,944	1,190
Total Voyage Expenses	**8,149**	**5,263**

10. Voyage and Vessel Operating Expenses - *continued*:

USD in thousands	**December 31, 2018**	**December 31, 2017**
Vessel Operating Expenses		
Crew wages and expenses	17,047	16,659
Lubricants consumption	1,442	1,283
Stores, spares and repairs	5,045	4,875
Insurance	1,639	1,635
Management fee and expenses	2,046	1,880
Other operating expenses	1,608	1,935
Total Operating Expenses	**28,827**	**28,267**

11. Interest Expenses and Finance Costs, Net:

Interest expense and finance cost, net comprises of the following:

USD in thousands	**December 31, 2018**	**December 31, 2017**
Loan interest expense and other finance charges	5,556	4,780
Amortization of deferred finance cost	552	807
Interest expense and finance cost, net	**6,108**	**5,587**

12. Restructuring cost:

Following the change of senior management announced by the Company on May 30, 2017, expenses incurred in relation to the restructuring program amount to $1,286 thousand as at December 31, 2017. These costs mainly include severance payments to senior management, consulting fees, legal fees and various expenses incurred during such period. No restructuring expenses were incurred in the year ended December 31, 2018.

13. Financial Instruments:

The principal financial assets of the Company consist of cash and cash equivalents, restricted cash and trade accounts receivable. The principal financial liabilities of the Company consist of bank debt, accounts payables and accrued liabilities.

(a) ***Interest rate risk:*** The Company's bank loans are based on LIBOR and hence the Company is exposed to movements in LIBOR.

(b) ***Concentration of credit risk:*** Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of trade accounts receivable and cash and cash equivalents. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition and generally does not require collateral for its trade accounts receivable. The Company places its cash and cash equivalents, with high credit quality financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial institutions.

(c) ***Fair value:*** The carrying values of trade accounts receivable, cash and cash equivalents, restricted cash, accounts payable and accrued liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments. Cash and cash equivalents and restricted cash are considered Level 1 items in accordance with fair value hierarchy as they represent liquid assets with short-term maturities. The fair value of bank debt approximates the recorded value, due to its variable interest rate, being the LIBOR. LIBOR rates are observable at commonly quoted intervals for the full terms of the loans and hence bank loans are considered Level 2 items in accordance with the fair value hierarchy.

14. Net Income/ (Loss) Per Share:

	December 31, 2018	December 31, 2017
Net income/(loss) (USD in thousands)	6,949	(5,005)
Weighted average number of common shares outstanding, basic and diluted	28,021,590	29,493,703
Net income/ (loss) per share, basic and diluted in USD	**0.25**	**(0.17)**

The computation of basic and diluted loss per share is based on the weighted average number of common shares outstanding during the period presented in the table above.

15. Subsequent Events:

On January 23, 2019 the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Paradise Bay to an unrelated third party on a charter free basis. The delivery of the vessel to its new owners is expected during April 2019.

On January 9, 2019, the Company repurchased 125,633 of its own shares for a total amount of $386 thousands. The repurchased shares were not retired and will be presented as Treasury Stock in the Company's consolidated balance sheet and consolidated statement of shareholders equity.

Subsequent events have been evaluated through February 22, 2019 the date that the financial statements were available to be issued.